

**Active Biotech
Quarterly Report
January – March 2000**

- **Sales +48%, profits + SEK 25 million**
- **Sales record for the Dukoral travel vaccine**
- **Strong liquidity MSEK 662, equity/share SEK 97**
- **Strong interest in the MS drug project SAIK from potential business partners, new US patents**
- **ETEC vaccine protects against severe tourist diarrhoea**
- **New licensing agreement for tonsillitis vaccine**

SALES AND RESULTS

During the period, sales of vaccines amounted to MSEK 54.5 (37.0), representing an increase of 48% compared with the same period in 1999. Total turnover of MSEK 64.5 (55.8) also includes contract research amounting to MSEK 10.0 (18.8).

Pre-tax income was MSEK 25.0 (-27.0). The improvement in income is largely due to strong net interest income of MSEK 76.5, an improvement of MSEK 64 on the previous year. The forecast for 2000 as a whole remains an estimated deficit of MSEK -150.

FINANCIAL SITUATION

Unappropriated liquidity at the end of the period amounted to MSEK 662, or SEK 59/share. At the beginning of April, liquidity was further strengthened by MSEK 122 from the sale of the property in Solna outside Stockholm. Equity amounted to MSEK 1,089 (SEK 97/share) and the Group equity/assets ratio was 73%.

STRONG INTEREST IN SAIK, NEW PATENTS IN THE USA

Phase I clinical trials which began in February 2000 are progressing according to plan. The study is being conducted using healthy persons and successively increased doses. During autumn, the study will be extended to MS patients primarily with tolerance studies at different dosage levels.

Work to identify the right business partner for the continued development and commercialisation of SAIK-MS has been initiated. Several international pharmaceutical companies have shown strong interest.

The market for drugs against MS is continuing to grow very powerfully, especially in the USA and Europe. The number of diagnosed patients is increasing by over 50,000 annually. Today, only 25% of the MS-patients can be treated with existing therapy.

The patent portfolio for the SAIK project has been strengthened. A further two patent applications relating to SAIK have been granted by the US Patent Office and Trade Mark Office, affording Active Biotech's SAIK substances broader patent protection even for products against inflammatory and autoimmune diseases other than MS, such as juvenile diabetes, rheumatoid arthritis and asthma.

As stated in an earlier communication, patents for SAIK regarding the MS (multiple sclerosis) indication have been recently approved for the USA, and the company is expecting the corresponding patents to be granted in other prioritised countries.

The patents have been granted for a period of 20 years, i.e. until 2019.

THE ETEC VACCINE

Analyses from the first Phase III ETEC study, the preliminary results of which were reported in March, confirm protection against more severe forms of tourist diarrhoea where the traveller is unable to perform day-to-day activities as planned. However, the number of cases with this state of illness in the study was too low to be statistically significant. Extensive laboratory tests of the reference trials of the first study, have shown that no deviations in durability or quality have emerged.

Ongoing ETEC studies are continuing with the continuous inclusion of travellers to risk areas. Adaptation of study protocols and goals for clinical endpoint will be modified in order to document protection against cases of severe diarrhoea. A new local developing country study in Bangladesh is being considered in order to strengthen the clinical documentation.

A development project is in progress together with international opinion-leaders, diarrhoea illness specialists and clinical study directors, in order to establish relevant terms and definitions for tourist diarrhoea. The aim is to be able to prove in the analyses of field studies the ETEC vaccine's effect in a way that meets the requirements of the registration authorities.



During the summer, a modified clinical programme and a new timetable will be established.

SALES RECORD FOR THE DUKORAL TRAVEL VACCINE

In February, a new sales record was set for Dukoral: +123%. During the quarter, turnover increased by 105% in Sweden, and amounted to MSEK 8.4, or approximately 80,000 doses.

Market penetration is currently approximately 15% of travellers to high risk areas for tourist diarrhoea. Reactions from consumers are very positive.

HIGH INTERNATIONAL DEMAND FOR SBL CHOLERA VACCINE

WHO's recommendation of SBL Cholera Vaccine as the only cholera vaccine with a documented high protective effect, have contributed to a sharp increase in demand. Deliveries during January – March 2000 have already exceeded last year's sales. Expansion of production capacity is in progress, and production is currently running at a maximum.

Last year, all international sales rights to the cholera vaccine outside the EU and USA were recovered. Preparations for launching the product on several international markets are under preparation. The SBL Cholera Vaccine is registered in nine countries, and registration applications have been submitted in a further ten or so.

REPURCHASE OF rCTB TECHNOLOGY

Active Biotech has repurchased the licensing rights to rCTB technology from Maxim Pharmaceuticals for MUSD 2.5, including further development (MaxVax) conducted during the licence period. rCTB is an essential component of the drinkable cholera and ETEC vaccines.

Active Biotech itself can now also commercialise the technology in areas other than diarrhoea illnesses.

The parties have also arrived at a settlement in the arbitration process mentioned in the Annual Report. The settlement has no effect on profits.

LICENSING AGREEMENT FOR TONSILLITIS VACCINE

Active Biotech has signed a licensing agreement with The Cooperative Research Center (CRC) for Vaccine Technology and Vaccine Solutions Pty Ltd, Australia, regarding the development of new vaccines against streptococcal infections, such as tonsillitis, caused by Group A Streptococci (GAS).

A Letter of Intent has been signed with Intellivax in Montreal, Canada, which gives Active Biotech access to an intranasal delivery technology. The vaccine is taken as a nose spray rather than injected. The aim is to close a licensing agreement allowing exclusive use in GAS vaccines.

PERSONNEL WARRANT PROGRAMME

In May, each member of personnel was offered the opportunity to buy subscription warrants in the company. Interest was extremely high, with a 25% over-subscription. The warrants entitle the holder to subscribe to one class B share for SEK 282 during the period 25 November 2002 – 25 February 2003.

MGA HOLDING

In conjunction with MGA Holding's acquisition of 6.1% of share capital, the Pharmacia Corporation has presented a call option to MGA for a further 5.3%. Moreover, Pharmacia has undertaken to make 300,000 B shares available to MGA Holding in a new warrant programme for Active Biotech's management group.

Mats Arnhög, MGA Holding, was co-opted member at today's Board meeting.

INVESTOR RELATIONS

Lennart Molvin, VP Information/Investor Relations, is leaving the company on 31 May in order to start his own business in idea and concept development for new growth companies. The President will fill the position of Information/Investor Relations Manager until further notice.

Lund, 25 May 2000

Active Biotech AB (publ.)

Sven Andréasson
President

Active Biotech AB is a Swedish biotechnology company focused on the research and development of pharmaceuticals and vaccines; the core competence being our knowledge of the human immune system. We have a high quality project portfolio and considerable financial resources. Important products and projects include the travel vaccine Dukoral, SBL Cholera Vaccine, a vaccine against tourist diarrhoea (ETEC), drugs against multiple sclerosis (SAIK) and cancer (TTS). The turnover of Active Biotech was SEK 267 million in 1999.

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GROUP INCOME STATEMENT
MSEK

	Jan – Mar 00	Jan – Mar 99*
Net operating turnover	64.5	55.7
Cost of goods sold	-41.6	-28.2
Gross income	22.9	27.5
Sales costs	-5.9	-4.5
Administration costs	-15.2	-13.8
Research and development costs	-55.3	-62.8
Items affecting comparability	-0.2	15.0
Other income	2.2	-0.9
Operating profit/loss	-51.5	-39.5
Net financial situation	76.5	12.5
Profit/loss after financial items	25.0	-27.0
Appropriations	-	-
Tax on profit for the year	-	-
Net Profit/loss for the year	25.0	-27.0

GROUP BALANCE SHEET
KSEK

	31 Mar 00	31 Mar 99
Intangible fixed assets	299.3	275.2
Tangible fixed assets	200.0	285.6
Financial fixed assets	114.0	94.7
Inventories	68.6	59.2
Short-term receivables	232.4	95.7
Short-term investments	582.0	646.2
Total assets	1,496.3	1,456.5
Equity	1,089.4	1,113.4
Provisions	32.5	26.9
Long-term liabilities	141.0	167.4
Current liabilities	233.4	148.8
Total equity and liabilities	1,496.3	1,456.5

**CASH FLOW ANALYSIS
KSEK**

	Jan – Mar 00	Jan – Mar 99*
Profit/loss after financial items	25.0	-27.0
Adjustments for items not included in cash flow, etc.	9.5	-7.0
Taxes paid	-0.3	0.0
Cash flow from ongoing operations before change in working capital	34.2	-34.0
Change in working capital	17.2	200.1
Cash flow from ongoing operations	51.4	166.2
Net investment in fixed assets	-39.0	-2.6
Cash flow from investment activity	-39.0	-2.6
Loans raised/loan amortisation	24.5	-22.0
Cash flow from financing activity	24.5	-22.0
Cash flow for the period	36.9	141.6
Liquid funds, opening balance	545.1	504.6
Liquid funds, closing balance	582.0	646.1

	2000 Mar	1999* Mar
KEY FIGURES		
Equity per share, SEK	96.9	99.0
Unappropriated liquidity, MSEK	662	774
Parent company equity/assets ratio, %	64.7	65.6
Group equity/assets ratio, %	72.8	76.4
Average number of employees	341	317
Number of shares	11,246,292	11,246,292

*) Pro forma Bioteknik (excl. Wilh. Sonesson)